

CHAPTER 122**IOWA EDUCATIONAL SAVINGS PLAN TRUST — MISCELLANEOUS PROVISIONS****S.F. 457**

AN ACT relating to the Iowa educational savings plan trust, and including an effective date and retroactive applicability provision.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 12D.2, unnumbered paragraph 2, Code 1999, is amended by striking the unnumbered paragraph.

Sec. 2. Section 12D.3, subsection 1, paragraph a, Code 1999, is amended to read as follows:

a. Each participation agreement ~~shall~~ may require a participant to agree to invest a specific amount of money in the trust for a specific period of time for the benefit of a specific beneficiary. A participant shall not be required to make an annual contribution on behalf of a beneficiary. The minimum contribution per beneficiary per year, in a year in which a participant is making a contribution, shall be ~~three hundred~~ fifty dollars, and the maximum contribution shall not exceed two thousand dollars per beneficiary per year adjusted annually to reflect increases in the consumer price index. However, the treasurer of state may set a maximum, as necessary, to maintain compliance with section 529 of the Internal Revenue Code.

Sec. 3. Section 12D.3, subsection 2, Code 1999, is amended to read as follows:

2. Beneficiaries designated in participation agreements may be designated from date of birth up to, but not including, their ~~seventeenth~~ eighteenth birthday. A substitute beneficiary may be older than age eighteen provided that the substitute beneficiary is not older than the original beneficiary when the substitution is made.

Sec. 4. Section 12D.3, subsection 3, Code 1999, is amended by striking the subsection and inserting in lieu thereof the following:

3. A participant's account balance shall be refunded to the participant, less endowment fund earnings, and less a refund penalty levied by the trust against account balance earnings, if any, in the event an account balance remains in the account for a thirty-day period following the beneficiary's thirtieth birthday.

Sec. 5. NEW SECTION. 12D.4A ADMINISTRATIVE FUND — APPROPRIATION.

For the fiscal year beginning July 1, 1998, and ending June 30, 1999, and for the fiscal year beginning July 1, 1999, and ending June 30, 2000, an amount, not to exceed four hundred thousand dollars annually, shall be transferred from the unclaimed property trust fund established in section 556.18 to the administrative fund for the payment of costs of administration and operation of the trust. For the fiscal year beginning July 1, 2000, and succeeding fiscal years, there shall be appropriated to the administrative fund by the general assembly from the general fund of the state an amount sufficient for the payment of costs of administration and operation of the trust.

Sec. 6. Section 12D.5, subsection 1, Code 1999, is amended by striking the subsection and inserting in lieu thereof the following:

1. A participant may cancel a participation agreement at will. Upon cancellation of a participation agreement, a participant shall be entitled to the return of the participant's account balance, less endowment fund investment earnings, and less a refund penalty levied by the trust against the participant's account balance earnings, if any. The penalty shall be deposited into the administrative fund.

Sec. 7. Section 12D.5, subsection 2, paragraph b, Code 1999, is amended to read as follows:

b. In the event of cancellation of a participation agreement for any of the causes listed in paragraph "a", the participant shall be entitled to receive ~~the principal amount of all payments made by the participant under the participation agreement plus the actual program fund investment income earned on the payments, but not the participant's account balance,~~ less endowment fund investment income.

Sec. 8. Section 12D.6, subsection 2, unnumbered paragraph 1, Code 1999, is amended to read as follows:

In the event the program is terminated prior to payment of higher education costs for the beneficiary, the participant is entitled to a full refund of ~~all payments made under the participation agreement and all investment income credited on all the payments~~ the participant's account balance.

Sec. 9. Section 12D.9, subsection 1, paragraph f, Code 1999, is amended to read as follows:

f. Pursuant to section 12D.5, subsection 1, ~~paragraphs "a" and "b"~~, penalties are provided on refunds of earnings which are not used for qualified higher education expenses of the beneficiary, made on account of the death or disability of the designated beneficiary, or made due to scholarship, allowance, or payment receipt as provided in section 529(b)(3) of the Internal Revenue Code.

Sec. 10. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY. This Act, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1998.

Approved May 14, 1999

CHAPTER 123

VEHICULAR HOMICIDE — BAIL ON APPEAL

H.F. 395

AN ACT providing that defendants convicted of class "C" vehicular manslaughter are not bailable on appeal.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 811.1, subsection 2, Code 1999, is amended to read as follows:

2. A defendant appealing a conviction of a class "A" felony; murder; any class "B" or "C" felony included in section 707.6A; felonious assault; felonious child endangerment; sexual abuse in the second degree; sexual abuse in the third degree; kidnapping; robbery in the first degree; arson in the first degree, ~~or~~ burglary in the first degree; any felony included in section 124.401, subsection 1, paragraph "a"; or a violation of section 124.401, subsection 1, paragraph "b".

Approved May 14, 1999